

PSC Connection

Missouri Public Service Commission Publication VOL. 4, NO. 8 -- FALL 2014



Setting Utility Rates:
Putting The Pieces Together

Chairman's Corner

The Missouri Public Service Commission is charged with ensuring that the state's investor-owned public utility companies provide safe, adequate, and reliable service at just and reasonable rates. To carry out this responsibility, the Commission is given the power to inspect the books, records, and premises of regulated utility companies to ensure that service is provided in accordance with these standards. The Commission Staff works hard to carry out its obligations in an evenhanded manner, while ensuring that Missouri consumers are provided reliable and affordable utility services.

This edition of the *PSConnection* focuses on explaining what the Commission Staff undertakes when reviewing a utility company. The article, "**Complete Review**," outlines how the PSC Staff audits a utility's rate request. Further in this issue, you will find the article "**Quality of Service**," which highlights the PSC Staff's review of other elements of providing service that may be unrelated to the cost of service, such as safety inspections, and customer service. As discussed, in "**From the Archives: A Look Back 50 Years**," five decades ago, the Commission's regulation was much different than it is today. In 1964, the Commission's duties included regulation of the rates, fares, and services of railroads, motor carriers, street railroads, and Pullman car companies.



In the 101 years of its existence, the Commission's duties have evolved. The business of providing utility services is undergoing a profound evolution. This evolution is driven in large part by a variety of technological advances and public policy enactments. Some of these advances and enactments include environmental regulations such as the EPA's Clean Power Plan, which seeks to reduce carbon emissions from power plants; smart grid technologies; the increased emphasis on the promotion of energy efficiency as embodied in Missouri's Energy Efficiency Investment Act; Missouri's Renewable Energy Standard, which requires electric utilities to generate increasing amounts of electricity from renewable resources; the increased deployment of distributed generation, including rooftop solar generation; the development of new energy storage technologies; and the recovery of record amounts of natural gas.

All of these public policies and technological advances present challenges and opportunities; challenges, because some of these policies require new thinking; opportunities because these policies have the potential to lower consumers' bills and are good for the environment.

Challenges and opportunities provide regulators a chance to reexamine the regulatory model and the utilities a chance to reexamine the traditional business model. This is something we can do together. These challenges and opportunities also require an increased emphasis on consumer education and outreach. Since our last edition, our consumer outreach activities have doubled from last year. This is due in part to the creation of a new position, a consumer services outreach coordinator who is dedicated to increasing public awareness of our agency.

This edition of the *PSConnection* is one opportunity we have to inform the public about what we do and how we do it. It is also an opportunity to highlight the rapidly evolving nature of the business and regulation of public utility service. I hope that you will enjoy this issue of the *PSConnection*.

Robert S. Kenney

PSConnection

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PSConnection is an official publication of the Missouri Public Service Commission. It is published periodically each year and is free of charge to all Missourians. To request a copy or contact the editorial staff, call 1-800-392-4211. Correspondence may be sent to: *PSConnection*, 200 Madison, P.O. Box 360, Jefferson City, MO 65102-0360. You may also request an electronic version or download this publication at www.psc.mo.gov

The Missouri Public Service Commission regulates investor-owned electric, steam, natural gas, water and sewer utilities in Missouri. The Commission also has limited jurisdiction over telecommunications providers in the state. Its mission is to ensure Missouri consumers have access to safe, reliable and reasonably priced utility service while allowing those utility companies under our jurisdiction an opportunity to earn a reasonable return on their investment. The PSC also regulates manufacturers and retail dealers who sell new and used manufactured homes and modular units. The Commission was established in 1913. The PSC is comprised of five commissioners, who are appointed by the governor.



Meet The Commissioners

The Commission consists of five commissioners who are appointed by the governor with the advice and consent of the Missouri Senate. Commissioners are appointed to six-year terms. These terms are staggered so that no more than two terms expire in any given year.



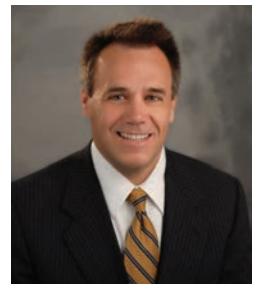
Chairman Robert S. Kenney, of St. Louis, was appointed to the Missouri Public Service Commission on July 29, 2009 by Governor Jay Nixon. He was unanimously confirmed by the Missouri Senate on January 13, 2010. He was named chairman in March of 2013. Prior to his appointment, Chairman Kenney served as Missouri Attorney General Chris Koster's Chief of Staff. Chairman Kenney also served as a Missouri Assistant Attorney General in the Labor and Consumer Protection Divisions. Before that Chairman Kenney was a shareholder at the Polsinelli law firm.

Commissioner Stephen M. Stoll, of Festus, was appointed to the Missouri Public Service Commission by Governor Jay Nixon in June, 2012, and unanimously confirmed by the Missouri Senate in January, 2013. Commissioner Stoll was elected to the Missouri House of Representatives from 1992-1996. In 1998, he was elected to the Missouri Senate, serving until 2005. Commissioner Stoll also served as Director of Administration for Jefferson County and city administrator for the city of Festus. He is also a former educator.



Commissioner William P. Kenney, of Lee's Summit, was appointed to the Missouri Public Service Commission by Governor Jay Nixon on January 9, 2013. On January 24, 2013, he was confirmed by the Missouri Senate to a six-year term. Prior to his appointment, he was Chief of Staff for Lt. Gov. Peter Kinder. Commissioner Kenney played professional football for 11 years, 10 with the Kansas City Chiefs. Commissioner Kenney was also elected to the Missouri Senate, serving from 1994 to 2002.

Commissioner Daniel Y. Hall, of Columbia, was appointed to the Missouri Public Service Commission by Governor Jay Nixon on September 27, 2013. He was confirmed by the Missouri Senate in January, 2014. Commissioner Hall served as Legislative Director for the Office of the Governor from 2009-13. From 2003 to 2009, he served as Senior Counsel and Assistant Missouri Attorney General. Prior to his work in state government, Commissioner Hall served as an associate at Bryan Cave, LLP in Kansas City.



Commissioner Scott T. Rupp, of Wentzville, was appointed to the Missouri Public Service Commission on March 25, 2014, by Gov. Jay Nixon. He was confirmed by the Missouri Senate on April 3, 2014. Commissioner Rupp represented the 2nd District in the Missouri Senate from 2006-2014. He was a member of the Missouri House of Representatives from 2002-2006. Prior to his appointment, Commissioner Rupp was employed by UMB in O'Fallon as vice-president of business development, specializing in commercial lending.

FROM THE ARCHIVES

Did You Know: In 1964, as part of its duties, the Missouri Public Service Commission regulated the rates, fares and services of railroads, motor carriers, street railways and express and Pullman car companies. See page 13.



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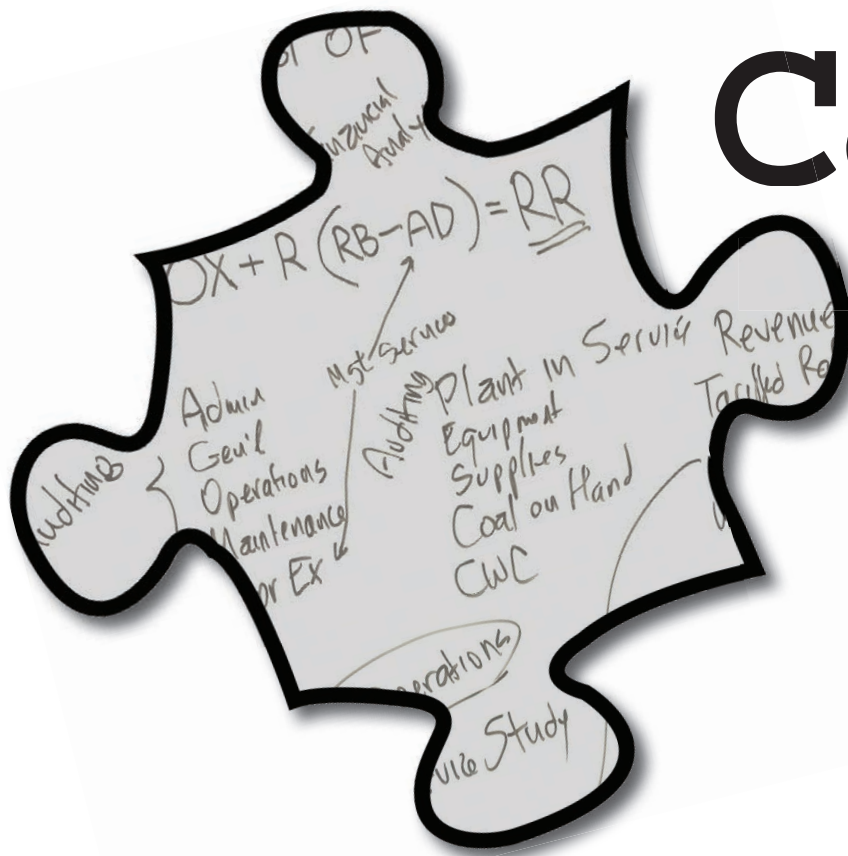
Here are some safety tips and helpful information as the weather turns cold.

Our Mission

To ensure that Missourians receive safe and reliable utility service at just and reasonable rates.

On The Cover

In this edition, we take a look at the many pieces of an in-depth audit conducted by the PSC Staff.



COMPLETE REVIEW

During rate case proceedings, the PSC Staff thoroughly reviews the books and records of the company, including the general ledger, invoices, actuarial reports, independent audit reports, Board of Director materials, financial statements, income statements, balance sheets, and other documents.

By Kim Bolin

Utility services and infrastructure are essential to the economy of Missouri. They provide heating and cooling during extreme temperatures. They offer access to emergency services and vital information systems. They provide safe drinking water and assure the environmentally sound disposal of wastewater. Virtually every Missouri citizen receives some form of utility service from a company regulated by the Missouri Public Service Commission (Commission or PSC).

The Commission has the statutory responsibility of ensuring that consumers receive “safe and adequate” service at rates that are “just and reasonable.” According to the law, those rates must be set at a level which will provide the companies’ shareholders with an opportunity to earn a reasonable return on their investment. It is important to note that shareholders must be given an opportunity, not a guarantee, to earn a reasonable return on their investment to maintain market viability. Rates should also be set at a level to allow a utility to recover its ongoing

level of prudently incurred expenses that are necessarily incurred in order to provide utility services.

General rate cases are complex and can, at times, draw much public attention. The five Commissioners will ultimately decide the case. That decision will be based upon a thorough review of the evidence in the case submitted by all participating parties in the proceeding.

The Public Service Commission Staff (PSC Staff) plays a key role in the development of

that evidence through its audit of the books and records of the company seeking a rate increase.

The PSC Staff is not a consumer advocate. The PSC Staff is a neutral party separate from the Commissioners for purposes of a rate case proceeding.

The PSC Staff's job is to present a position that it believes will be the best balance between the needs of the utility and the needs of the public. The PSC Staff has worked hard to

Those Likely To Participate In A Rate Case Before The PSC

➤ **Public Service Commissioners** -- Five members of the Public Service Commission (Commission) who decide all cases brought before the agency. Commissioners are appointed by the governor with the advice and consent of the Missouri Senate. In cases before it, Commissioners issue a ruling based on a thorough review of all of the evidence presented.

➤ **Public Service Commission Staff (PSC Staff)** -- A group of professionals that includes specialists in the fields of engineering, accounting, law, finance, management, economics and customer services. The PSC Staff is separate from the Commissioners who decide cases brought before it. The PSC Staff is a party in all cases before the Commission. When the PSC Staff makes a recommendation to the Commission, it is NOT an official position of the Commission. The PSC Staff recommendation carries the same weight, no more no less, as all other testimony filed in a case. The PSC Staff **is not** the consumer advocate. The PSC Staff proposes a position that, in its opinion, is the best balance between the utility and the general public.

➤ **Office of the Public Counsel (OPC)** --The consumer advocate. The Office of the Public Counsel is a separate state agency representing the general public (typically residential and small business customers) before the Public Service Commission.

➤ **Intervenors** -- Someone who files to participate in a case before the Public Service Commission. Intervenors are typically large business customers, governmental agencies or representatives of a customer group with a particular interest in a case, an interest that is different from that of the general public.

➤ **General Public** -- In addition to being represented by the Office of the Public Counsel, the general public can also submit comments in cases before the Commission. They are also invited to comment on the rate request or any service related issues when the Commission holds local public hearings in the company's service territory. Comments received during the formal local public hearing process are recorded by a court reporter and become a part of the official record in the case.



The Commission holds local public hearings.

present that position for more than 100 years of utility regulation in Missouri.

So what does the PSC Staff do when a rate case is filed with the Commission?

In developing its recommendations as to the amount of an increase, if any, that should be granted, the PSC Staff will spend several months conducting their audit. They will examine all of the company's costs of providing safe and adequate service to its customers.

The PSC Staff will thoroughly review the books and records of the company, including the general ledger, invoices, actuarial reports, independent audit reports, Board of Director materials, financial statements, income statements, balance sheets, and other internal documents. When reviewing these items, the PSC Staff looks for trends among the company's historical costs, increases and decreases in the company's test-year expenses and any abnormal levels of specific costs.

All rate case audits are based upon a selected "test year." In a rate case, the test year is a 12 month operating period used to evaluate the cost of service to customers and the adequacy of the rates a utility is charging or proposes to charge.

As part of its review, the PSC Staff also tours and inspects various utility facilities; interviews company personnel; and sends numerous data requests to obtain information and documents from the company. The PSC Staff will also examine all of the testimony and other filings

made by the company and every other party ("intervenors") in the rate case.

When the rate case is filed with the Commission, the utility will file "testimony" from various utility representatives and consultants that summarize and describe the utility's reasoning for seeking an increase in its customer rate levels. Similarly, at the conclusion of its audit process, the Commission Staff and other parties will also file testimony or reports that summarize their audit findings, conclusions and recommendations.

In rate cases, the Commission will hold local public hearings to give consumers the opportunity to comment on the rate increase request or any service related problems. At those hearings, there are several issues that often are of interest to the general public. Let's take a moment to discuss two of those issues: utility company employee compensation expense, and dues and donations.

Employee Incentive Compensation Expense: When a company files for a rate increase, one of the items reviewed is employee compensation. One part of employee compensation may be incentive compensation, or bonuses or awards, paid to company employees. The PSC Staff may perform a multi-year analysis of bonuses and awards as part of its audit in determining what it will recommend as just and reasonable rates.

The PSC Staff will examine the criteria for future bonuses and awards and what employees are eligible for those bonuses or awards. Based upon this examination, the PSC Staff will determine if the bonuses and awards are based on measurable results that provide a benefit to ratepayers.

Determining if bonuses and awards should be included can be a complicated and time-consuming analysis. For example, the performance standard may be based on certain financial results of the company, such as the earning per share or rates of return on equity or investment. PSC Staff usually recommends disallowance of these awards because they primarily benefit the utility and its shareholders.

In contrast, a performance standard based on customer service criteria is of benefit to the customer and may be allowed to be recovered by the utility company in customer rates. For instance, an incentive compensation program tied to improving the quality of service a utility customer receives, such as faster responses to

customer inquiries received at a utility “call center,” will usually be a cost recommended by the PSC Staff to be included in rates. Performance standards intended to improve employee safety are also generally recommended for rate recovery.

Dues and Donations: During local public hearings in a rate case, customers often ask questions such as: “Am I paying, in my monthly utility bill, the costs of the company to have a luxury box or to advertise at a major sporting event?”

The PSC Staff auditor(s) assigned to the dues and donations area will ask the company for a list of all dues and donations made by the utility company during the rate case test year. The Staff will also seek information on the nature and purpose of all dues and donations and how the utility company believes its ratepayers benefited from the expense.

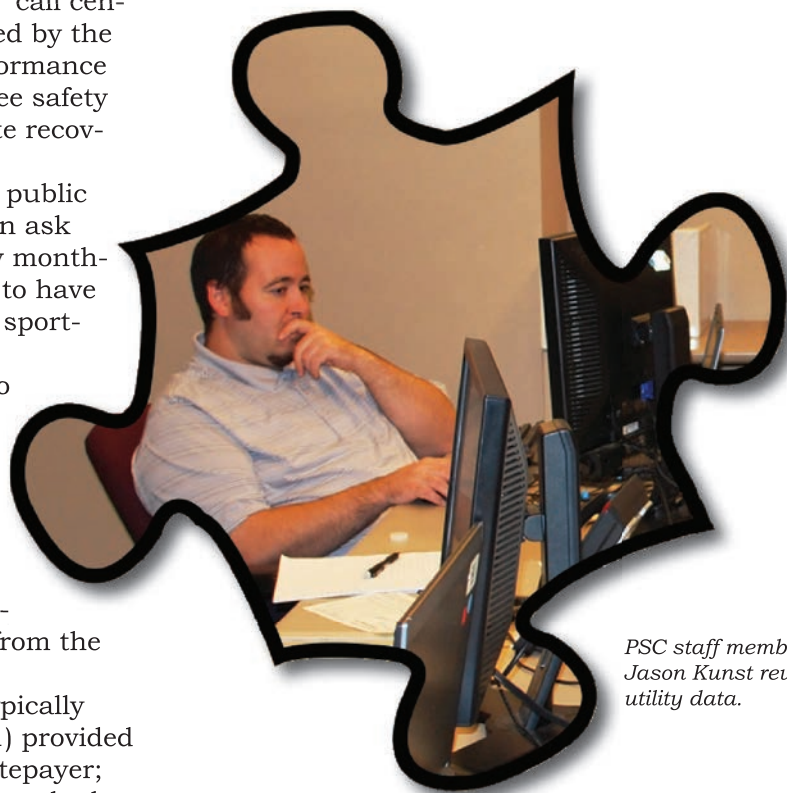
In the past, the Commission has typically not allowed dues and donations that: 1) provided no direct, quantifiable benefit to the ratepayer; 2) were not necessary in providing safe and adequate service to the ratepayer; or 3) represented an involuntary contribution on the part of the ratepayer to an organization.

Those costs associated with charitable donations are routinely disallowed in the PSC Staff recommendation in a rate case on the general grounds that utility ratepayers should not be placed in the position of being “involuntary” donors to a charity or cause supported by the utility company. Also, any dues or donations associated with political advocacy or “lobbying” activities have not been allowed to be recovered in rates.

That is not to say that any dues and donations are allowed to be recouped in rates. For example, the Commission does recognize dues and donations to some economic and civic organizations (such as Chambers of Commerce), business, industry and professional organizations.

What other types of issues are commonly examined by Commission Staff and other parties as part of the rate case process?

Besides reviewing expenses incurred by the company during a rate case, the PSC Staff also reviews other items and provides recommendations on subjects such as: rate of return, low income weatherization, depreciation and rate design.



*PSC staff member
Jason Kunst reviews
utility data.*

Rate of Return

An analysis must be performed to determine the return (or “profit”) a company will be allowed to earn on investments used in providing utility service to its customers. This profit level is usually referred to as the “rate of return.” The rate of return calculation takes into account both the necessary return the utility should earn on its equity investment, as well as the interest required to be paid to the company’s debtholders. The PSC Staff provides its own analysis in each rate case before the Commission as to the appropriate level of rate of return for that utility. As part of this analysis, the PSC Staff uses various financial models and comparisons of other utilities within the state as well as other national utilities’ financial earnings to determine a reasonable rate.

Low Income Weatherization

The Commission has approved programs designed to help low-income customers with energy conservation efforts. The Low Income Weatherization Assistance Program (LIWAP) is administered by the Missouri Division of Energy

Rate case audits are based upon a selected “test year.” In a rate case, the test year is a 12 month operating period used to evaluate the cost of service to customers and the adequacy of the rates a utility is charging or proposes to charge.

using federal, state, and utility funding. It is administered locally by Community Action Agencies or other local agencies. The LIWAP provides money to help low-income consumers purchase home weatherization repairs (insulation, etc.) and energy-efficient appliances. As part of the rate case, the PSC Staff reviews the weatherization programs in the utility’s service territory to determine if the programs are effective and what level of funding should be included in rates.

Depreciation

Depreciation is the return of the Company’s investment in utility assets over the life of its property used to provide service to its customers. The depreciation rate for each classification of property is designed to recover, over the life of the asset, the cost of the investment plus any cost to remove it (net of salvage proceeds) when it is no longer being used to provide utility service. The PSC Staff reviews the history of the Company’s investments, such as how long the equipment has been in service and what the industry expects the life to be, in order to determine an estimated life span of the investment on which the recommended depreciation rate will be based.

Rate Design

After reviewing all utility costs, the PSC Staff recommends which and how much of those costs should be recovered in customer rates (the total amount of costs is commonly referred to as the “revenue requirement”) and also how that revenue requirement should be recouped from the various classes of customers (such as residential, commercial and industrial).

Rate design recommendations are normally based upon a “class cost of service study.” This type of study also provides information useful in formulating recommendations on the amount of the “customer charge” (a monthly fixed rate charge on the customer bill) and the amount of the commodity charge (variable charge on the



PSC staff auditors Lisa Ferguson and Jason Kunst confer during a work session.

bill based upon the customers actual usage of the utility service for a month). The process of determining how much of a utility’s overall revenue requirement should be recovered from each customer class is commonly referred to as “rate design.”

How Are Rate Cases Resolved?

Rate cases may be resolved through negotiation of the parties (rate case settlements), or by submission of issues to the Commission through the hearing process.

Settlement and Negotiations

Not every rate case results in a hearing before the Commission. In every rate case, parties meet to see if they can come to an agreement on the amount of the rate increase, rate design and other issues pending in the case. This process usually begins after the PSC Staff has filed its direct testimony in the case outlining the results of its audit.

If the parties can reach an agreement, the



The Commission holds weekly Agenda meetings to discuss cases and issue decisions.

agreement will be filed for Commission consideration. However, in some cases, all parties do not agree on all issues presented in the case. When this happens a partial agreement is filed and the Commission will then hear all of the remaining issues in the rate case.

Litigated Hearings

For rate cases that go to hearing, the Commission will hear evidence for each individual issue in dispute among the parties.

All witnesses supporting a position in the case must take the witness stand and undergo cross-examination by opposing parties, as well as questioning from the Commissioners.

Based upon the evidence presented to it in both written testimony and in the hearing room, the Commission will decide each issue based upon which party it believes has submitted the most persuasive evidence on the matter.

The Commission's decisions on all litigated issues are outlined in a document called a "Report and Order."

Kim Bolin works in the Audits, Accounting & Financial Analysis Department of the PSC.

How To Watch Rate Case Hearings

The PSC regularly webcasts rate case hearings and other events on its website (www.psc.mo.gov).

To view a live webcast, click on the "Events Now Streaming" link on the top left corner of the homepage. If a webcast is in progress, you will see the title of the event.

If you click on the title (i.e. Hearing or Agenda), you will be able to view the live webcast. If no events are streaming, the box will say "No Events Active."

Past webcasts can also be viewed. Those events can be found by clicking on the link "Archived Videos" toward the bottom of the homepage.



Charges That May Appear On Your Bill



Renewable Energy Standard Rate Adjustment Mechanism

The Renewable Energy Standard Rate Adjustment Mechanism (RESRAM) is a charge that may appear on electric customers' bills to reflect costs of complying with the renewable energy standard. A RESRAM allows electric companies to adjust rates outside of a general electric rate case to reflect prudently incurred renewable energy standard costs (such as solar and wind). These costs would be costs above renewable energy costs already included in the company's base rates. This renewable energy standard rate adjustment mechanism was allowed by legislation passed in 2008.

Energy Efficiency Investment Charge

The Energy Efficiency Investment Charge or Demand-Side Programs Investment Mechanism (EEIC or EEC, DSIM) is a charge which encourages utility companies to implement demand-side and energy efficiency programs. The mechanism is reflected as a separate line item on customer bills and allows utilities to receive cost recovery of program costs, lost revenues and a utility incentive. The energy efficiency framework was part of the Missouri Energy Efficiency Investment Act (MEEIA) created by legislation passed in 2009.

Infrastructure System Replacement Surcharge

The Infrastructure System Replacement Surcharge (ISRS) appears on bills of most of the natural gas companies under the regulation of the Missouri Public Service Commission.

The ISRS was created by legislation in 2003. The surcharge is designed to provide the utility company more timely recovery of a portion of the expenditures it incurs to replace and extend the useful life of its existing infrastructure (pipeline system) for those projects that were completed after the company's most recent rate case.

Many utility companies have plans in place to replace aging infrastructure on a yearly basis. In addition, there are times when pipelines need to be relocated in connection with local, state and federal public improvement and safety requirements. The ISRS reflects recovery of costs associated with these types of activities.

The ISRS on customer bills can change twice a year. The ISRS is re-set to zero when the Commission reaches a decision in a general rate increase request filed by the company because any amounts not recovered will be included in permanent rates.

An ISRS charge also appears on the bills of Missouri-American Water Company water customers who live in St. Louis County.

Fuel Adjustment Charge

The Fuel Adjustment Charge (FAC) is designed to address fuel and purchased power cost volatility, as well as, company off-system sales revenues. These costs can go up and down.

The FAC attempts to capture those costs in a more timely fashion. If those costs decrease, the customer receives more timely benefit of lower rates. If costs increase, the company can recover those costs more quickly.

An annual true-up is necessary to reflect actual customer usage for that period of time reflected in the FAC charge. If an over-collection or under-collection has occurred, it is ultimately reflected as an adjustment in the customer's FAC.

The FAC has been on the electric bills of some customers since 2007. The charge was allowed by legislation passed in 2006.

Quality Of Service

By Debbie Bernsen

When a utility company files a rate case with the Public Service Commission, PSC Staff engineers, auditors, economists and financial analysts begin a full audit of the books and records of the company. Each cost of providing service to customers is carefully examined.

But costs are not the only items examined by the PSC Staff. The quality of service the utility company provides is also an important part of setting rates that are just and reasonable. Quality of service includes such things as safety and reliability, handling customer inquiries and company general management practices.

As a customer of a utility under the jurisdiction of the PSC, you should expect to receive safe and adequate service. Monitoring service closely doesn't just occur when a rate case is filed. Reporting procedures and practices are in place that provide basic information regarding the companies' performance on a regular basis. Commission safety jurisdiction extends to not only regulated utilities but to municipal gas and electric systems and electric cooperatives.

The PSC technical staff continually works in the field examining the systems that provide natural gas to heat your home in the winter; power plants which produce electricity to light, heat, and cool your home; treatment plants that ensure safe drinking water and sewer systems which assure the environmentally sound disposal of wastewater. PSC Staff also inspect telecommunications facilities as well as new manufactured homes and modular units. All of these field operations strive to ensure the safety and reliability of utility systems.

As an example, PSC Staff natural gas safety unit members are in the field throughout the year evaluating pipeline systems. The Commission has jurisdiction over all in-state natural gas pipeline operators including five intrastate transmission pipelines, six investor-owned natural gas distribution utilities and 41 municipally-owned natural gas distribution systems.

During the 2013 calendar year, PSC Staff in the natural gas pipeline safety section conducted 78 comprehensive office and field inspections, follow-up inspections, construction inspections and other investigations. These inspections/



PSC Staff Engineer John Kottwitz inspects a natural gas valve.

investigations resulted in staff being in the field over 605 inspection-person days.

The Consumer Services Unit of the PSC responds to information requests and investigates consumer complaints and inquiries regarding utility service.

Consumer Services Staff ensures utility compliance with Commission rules and regulations as well as with the utilities' Commission-approved tariffs. Full-time investigators handle a variety of consumer issues including: billing problems, payment arrangements, denial of service issues, disconnection and service connection issues, enforcement of rules and regulations and safety issues.

The Commission received over 16,400 customer-related contacts in the 2014 fiscal year. Often, Consumer Services investigators will file testimony and take positions on service related issues that are a part of a rate case filed by a utility company under PSC jurisdiction.

PSC Staff in the Commission's Engineering and Management Services Unit have the responsibility of performing analyses regarding the efficiency and effectiveness of the utility managerial practices utilized by companies under the Commission's jurisdiction. Such an analysis is performed a variety of times including during the

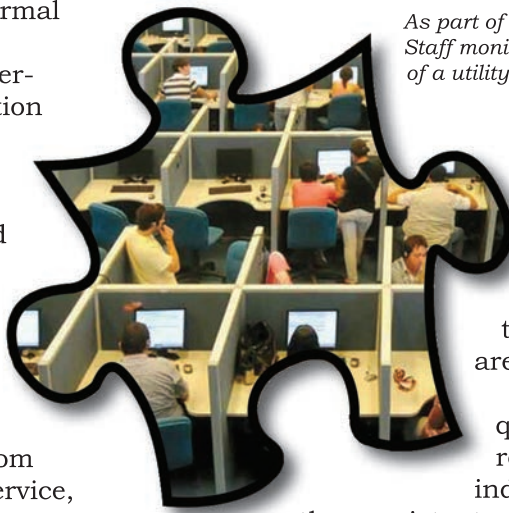
filing of a rate case and during informal review periods.

Meter reading and call center performance, billing, credit and collection activities, service order processes, payment remittance as well as service connection and disconnection activities are all areas reviewed by the PSC Staff. PSC Staff continually monitors the service provided to customers, working to ensure customers receive safe and adequate service.

Customers of a regulated utility generally have one source from which to obtain necessary utility service, and that is the utility that has been granted a Commission certificate of convenience and necessity. Under that certificate, that utility is typically the only utility that can provide the specific utility service within that specified area. They are a monopoly. In return, the utility is required to provide service (such as electricity or water) to all customers within that specified area who wish to receive such service. The utility company cannot choose who it serves. Costs associated with customer service are included in the rates customers pay.

The PSC Staff reviews the adequacy of customer service by examining a variety of service quality metrics, operating procedures, customer input and documentation. In addition, the PSC Staff maintains a data base of measurements on monthly call center performance for all gas, electric and a number of water companies under Commission jurisdiction. These reporting requirements have been developed over time by Commission orders or by formal agreements entered into between the PSC Staff and the utility company.

The PSC Staff maintains a number of quantitative indicators that track the performance of a call center regarding the center's responsiveness to customer calls and concerns. On an informal basis, the PSC Staff will contact the company if customer service metrics indicate a decline in the service being provided to customers. The



As part of an audit, the PSC Staff monitors the performance of a utility's call center.

PSC Staff will discuss with the company what actions are needed to correct the situation and will monitor the company's responses to ensure corrective actions are taken.

Some aspects of service quality, however, do not readily lend themselves to indicators. Examples include

the consistent application of credit and collection practices, detection and correction of billing errors and the effective training of call center representatives. The PSC Staff will also review operating procedures, billing rule compliance, utility customer complaints received by the Commission and customer opinion survey results.

Results of PSC Staff reviews are documented in reports that detail present practices and areas for potential improvements as well as violations of Commission rules and regulations, where detected. This report may be filed within a pending case with the company or provided to the company informally for its response. The PSC Staff conducts follow-up reviews to ensure that recommendations made for improvement are acted upon and addressed by the utility company.

If you have a service related issue with your utility company, we would encourage you to first contact the utility company to see if you can work out the issue. If the issue has not been resolved to your satisfaction after contact with the company, please call the Public Service Commission's Consumer Services Unit at 1-800-392-4211.

Debbie Bernsen works in the Audits, Accounting & Financial Analysis Department of the PSC.

From The Archives



In 1964, as part of its duties, the Missouri Public Service Commission (Commission or PSC) regulated the rates, fares and services of railroads, motor carriers, street railways and express and Pullman car companies. It also regulated bus and truck companies operating in the state.

As part of its work, the PSC's Bus and Truck Department conducted road checks in cooperation with the State Highway Patrol, the State Highway Department and representatives from the Interstate Commerce Commission. These road checks reviewed operating rights, weights and safety equipment, all required of certificated motor carriers.

Often members of the PSC Legal Department accompanied inspectors from the Bus and Truck Department when safety and compliance inspections were made. According to the 1964 PSC Annual Report, "a member of the Legal Department, on the scene at the time of the inspection, facilitates prompt disposition of a legal problem".

Southwestern Bell Telephone Company and 143 independent telephone companies served 712 telephone exchanges in Missouri in 1964. That year, Missouri's first expanded direct distance dialing service was offered in Springfield. The new service allowed telephone users to dial many of their calls directly, instead of asking an operator to handle them.

Statistics showed that natural gas usage continued to grow in Missouri from 1951 through 1963. According to the PSC Annual Report, natural gas consumption during the period increased by 112 percent; income from

natural gas sales increased by 158 percent; investment in plant increased by 176 percent and the number of consumers increased by approximately 38 percent.

In the mid-1960s, the PSC saw the creation of a number of small water utilities by people who were engaged in real estate ventures. The Commission noted that most of these systems were located too far from the local municipal system to justify the extension of water lines to subdivisions being developed. Developers established the systems as public utilities, and in order to conform to the law, they were granted certificates to operate under PSC jurisdiction.

In 1964, E.L. McClintock served as a Commissioner on the PSC. Affectionately known as the Dean of the Public Service Commission, McClintock served as a Commissioner on the PSC longer than anyone in the agency's 100 year history. McClintock was a member of the PSC from 1945 to 1967, serving under five different governors.

PSC offices in 1964 were located on the tenth floor of the Jefferson Office Building in Jefferson City. Today, PSC offices are located in the Governor Office Building on Madison Street.

Over the past 50 years, utility regulation has changed, but the Public Service Commission's core mission remains the same. The PSC continues its work to ensure Missouri's consumers receive safe and adequate service at just and reasonable rates.

Source: 1963-1964 Missouri Public Service Commission Annual Report

Get Ready For

WINTER

Facts About The Cold Weather Rule

- Prohibits disconnection of heat-related service from November 1 through March 31 when the temperature is forecasted to drop below 32 degrees.
- Allows you to budget your payments over 12 months.
- Does not require a deposit if payment agreement is kept.
- Allows arrearage balance to be spread out over 12 months or longer if both customer and utility agree to the time period.
- Prohibits disconnection of registered low-income elderly or disabled customers who make a minimum payment.
- Allows reconnection of your service for less than the full amount owed.



Be Prepared For Winter

- Add caulk or weatherstripping to seal air leaks around doors and windows.
- Clean or replace furnace filters once a month.
- Make sure appliance vents and exhaust ducts are in good condition and properly connected to exhaust the combustion gases outside.
- Keep the area around the gas furnace and gas water heater clear.
- Check the chimney to make sure it is not blocked by debris or bird nests.
- Replace rusted vent pipes.

If You Smell Natural Gas

- Don't use your phone, because it may cause a spark.
- If you smell natural gas leave your home or business immediately and then contact 911 and your natural gas provider.
- Don't smoke, light a match or use a lighter or any open flame.
- Don't operate any electrical light or appliance switches.
- Stay away from the building until you've been told that it is safe to return by officials.



Carbon Monoxide Poisoning

Carbon Monoxide is a toxic gas that is odorless and colorless. It can kill you before anyone is aware it is in your home.



- Before heating season, have your heating system checked.
- Make sure appliance vents and exhaust ducts, such as those on your furnace, water heaters and ranges, are not blocked.
- Never operate your car or other gas-powered engines (i.e. generators) in an enclosed space, such as a garage or basement.
- It is recommended that homes and businesses purchase carbon monoxide detectors, like fire alarms.

Connections: News, Notes & Events



Good turnout at local public hearings across the state

The Missouri Public Service Commission held 34 local public hearings around the state this year to receive customer comment in cases as well as any service related issues. More than 3,300 people attended these public hearings.

Community outreach efforts

The PSC is committed to increasing its visibility in communities around the state of Missouri. The PSC has expanded its role to provide educational information about utility regulation and energy conservation to consumers across the state. Building effective community partnerships is key to educating and empowering the public about utility services such as billing, service quality, energy conservation and safety. If your organization would like to form a partnership with the Commission or if your organization is aware of a community event where the Commission's Consumer Outreach services would be beneficial, please call **1-800-392-4211**.



PSC's Bob Leonberger receives NAPSRLifetime Leadership Award

Bob Leonberger, manager of the PSC's Safety/Engineering section, was presented the National Association of Pipeline Safety Representatives (NAPSRL) Lifetime Leadership Award. Leonberger was honored for his leadership and contributions to national pipeline safety; for serving as NAPSRL National Officer and NAPSRL Central Regional Officer; for advancing pipeline safety through participation in the organization's Grant Allocation Committee, Legislation Committee and Security Committee. The award was presented at the NAPSRL meeting September 17 in Springfield, IL.

Commissioner Stoll receives scouting honor

Commissioner Stephen Stoll was honored with the 2014 Good Scout Award by the River Trails District Troop this spring. Commissioner Stoll earned the Eagle Scout award as a youth. "It was very nice to be recognized by an organization I love being a part of," Stoll said. "I consider it a real honor."



Employee Spotlight



Five Questions With:

Shelley Brueggemann

Chief Litigation Attorney

1) What are your main job duties?

As an external litigation attorney in the Office of the General Counsel, I represent the PSC in lawsuits involving PSC law or other related actions, and intervening in or initiating actions as authorized by the Commission. This representation also includes defending the Commission and its orders and decisions in the circuit courts, appellate courts and any other forum.

2) How did you come to work at the PSC?

After a few years as an assistant prosecutor, I decided it was time to find a job outside of the criminal justice system where I could continue to serve the public, preferably in an area that worked with essential needs. When a position with the PSC was advertised I jumped at the chance to apply because the PSC regulated investor-owned utilities providing essential electric, gas, water, sewer, or telecommunications services to customers. The regulation of such critical services was exactly the type of important public service that I wanted to be part of carrying out.

3) What did you do before working at the PSC?

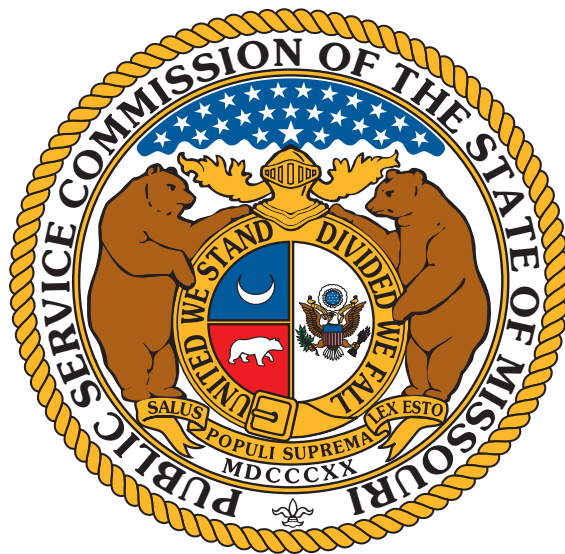
I graduated from Drury College with a Bachelor of Arts Degree, majoring in Biology and Psychology. For two summers, my most adventurous job was working as a trail guide by horse-back in the San Juan Mountains in southwest Colorado. I was also lucky enough to study abroad for a semester in London, England, and a summer in San Jose, Costa Rica. After law school, I was hired as an assistant prosecutor for Montgomery County and Audrain County, Missouri. I then took on the role of Student Legal Services Coordinator at the University of Missouri—Columbia, while continuing as part-time assistant prosecutor for Montgomery County working on a wide variety of felony and misdemeanor criminal cases.

4) What is the most interesting thing about your job?

In this job, my work takes me to a wide variety of courts and forums where every case is different and I must quickly adapt to be effective in that arena. This also allows me the opportunity to work with many different interested parties and stakeholders on the issues that closely affect them and learn.

5) What is one thing people do not know about you?

While working at the PSC, I finished my Master of Public Affairs degree juggling work, school and my then toddler son with the support and help of my husband and family, completing the last semester while pregnant with our daughter.



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